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**SHENYIN WANGUO (H.K.) LIMITED**  
**申銀萬國(香港)有限公司**  
*(Incorporated in Hong Kong with limited liability)*  
 (Stock code : 218)

**FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2013**

**RESULTS**

The board of directors (the “Board”) of Shenyin Wanguo (H.K.) Limited (the “Company”) are pleased to announce the consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2013 together with comparative figures for the previous financial year as follows:

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS**

	<i>Notes</i>	<b>2013</b> <b>HK\$</b>	2012 HK\$
REVENUE	4	<b>354,045,457</b>	293,991,742
Commission expenses		<b>(70,396,887)</b>	(48,569,149)
Employee benefit expenses		<b>(114,263,402)</b>	(111,133,312)
Depreciation expenses		<b>(9,065,517)</b>	(9,361,278)
Interest expenses for financial services operations		<b>(10,531,430)</b>	(441,857)
Impairment loss of an available-for-sale investment		<b>(2,622,655)</b>	(2,330,221)
Other gains		<b>3,288,036</b>	3,682,510
Other expenses, net		<b>(98,024,930)</b>	(94,028,435)
<b>PROFIT BEFORE TAX</b>	5	<b>52,428,672</b>	31,810,000
Income tax expense	6	<b>(5,185,137)</b>	(1,648,515)
<b>PROFIT FOR THE YEAR</b>		<b><u>47,243,535</u></b>	<u>30,161,485</u>
Attributable to:			
Owners of the Company		<b>47,238,994</b>	30,151,847
Non-controlling interests		<b>4,541</b>	9,638
		<b><u>47,243,535</u></b>	<u>30,161,485</u>
<b>DIVIDENDS</b>	7	<b><u>21,230,365</u></b>	<u>7,961,387</u>
<b>EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY</b>	8		
Basic and diluted		<b><u>HK8.9 cents</u></b>	<u>HK5.68 cents</u>

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	<b>2013</b> <i>HK\$</i>	2012 <i>HK\$</i>
PROFIT FOR THE YEAR	<u><b>47,243,535</b></u>	<u>30,161,485</u>
OTHER COMPREHENSIVE INCOME		
Items that may be reclassified to profit or loss in subsequent periods		
Available-for-sale investments:		
Changes in fair value	<b>368,832</b>	546,897
Reclassification adjustments for loss/(gain) included in the consolidated statement of profit or loss		
- gain on disposal	<b>(919,927)</b>	(144,587)
- impairment loss	<u><b>2,622,655</b></u>	<u>2,330,221</u>
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	<u><b>2,071,560</b></u>	<u>2,732,531</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u><b>49,315,095</b></u>	<u>32,894,016</u>
Attributable to:		
Owners of the Company	<b>49,310,554</b>	32,884,378
Non-controlling interests	<u><b>4,541</b></u>	<u>9,638</u>
	<u><b>49,315,095</b></u>	<u>32,894,016</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<i>Notes</i>	31 December 2013 <i>HK\$</i>	31 December 2012 <i>HK\$</i>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		<b>10,808,701</b>	17,047,853
Stock and Futures Exchange trading rights		<b>4,211,831</b>	4,211,831
Other assets		<b>30,757,080</b>	16,282,236
Available-for-sale investments	9	<b>9,924,169</b>	12,624,430
Deferred tax assets		<b>222,617</b>	877,503
Total non-current assets		<b><u>55,924,398</u></b>	<u>51,043,853</u>
<b>CURRENT ASSETS</b>			
Investments at fair value through profit or loss		<b>138,320,586</b>	360,020,854
Accounts receivable	10	<b>546,473,671</b>	478,246,702
Loans and advances		<b>1,518,457,087</b>	1,138,486,758
Prepayments, deposits and other receivables		<b>17,180,343</b>	15,886,779
Tax recoverable		<b>386,641</b>	5,225,274
Bank balances held on behalf of customers		<b>2,510,755,892</b>	2,335,223,269
Cash and cash equivalents		<b>277,725,670</b>	193,914,276
Total current assets		<b><u>5,009,299,890</u></b>	<u>4,527,003,912</u>
<b>CURRENT LIABILITIES</b>			
Accounts payable	11	<b>2,943,688,665</b>	2,692,540,606
Other payables and accruals		<b>62,718,357</b>	63,648,116
Interest-bearing bank borrowings		<b>809,380,735</b>	614,697,682
Tax payable		<b>2,817,824</b>	1,819,397
Total current liabilities		<b><u>3,818,605,581</u></b>	<u>3,372,705,801</u>
<b>NET CURRENT ASSETS</b>		<b><u>1,190,694,309</u></b>	<u>1,154,298,111</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b><u>1,246,618,707</u></b>	<u>1,205,341,964</u>
<b>NON-CURRENT LIABILITY</b>			
Deferred tax liability		<b>505,834</b>	582,799
<b>Net assets</b>		<b><u>1,246,112,873</u></b>	<u>1,204,759,165</u>
<b>EQUITY</b>			
<b>Equity attributable to owners of the Company</b>			
Issued capital		<b>265,379,563</b>	265,379,563
Reserves		<b>956,864,883</b>	928,784,694
Proposed final dividend	7	<b>21,230,365</b>	7,961,387
<b>Non-controlling interests</b>		<b><u>1,243,474,811</u></b>	<u>1,202,125,644</u>
		<b>2,638,062</b>	2,633,521
<b>Total equity</b>		<b><u>1,246,112,873</u></b>	<u>1,204,759,165</u>

## NOTES:

### 1. GENERAL INFORMATION

The Company is a limited liability company incorporated in Hong Kong. The registered office of the Company has changed from 28th Floor, Citibank Tower, Citibank Plaza, 3 Garden Road, Central, Hong Kong to Level 19, 28 Hennessy Road, Hong Kong since 30 December 2013.

The Group was involved in brokerage business, corporate finance business, asset management business, financing and loans business and investment business.

The Company is a subsidiary of Shenyn Wanguo Holdings (B.V.I.) Limited, a company incorporated in the British Virgin Islands with limited liability. In the opinion of the directors, the ultimate holding company of the Company is Shenyn & Wanguo Securities Co., Ltd., which was established in the People's Republic of China (the "PRC").

### 2. PRINCIPAL ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), accounting principles generally accepted in Hong Kong and the Hong Kong Companies Ordinance, and are in compliance with the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

#### Changes in accounting policy and disclosures

The Group has adopted the following new and revised HKFRSs issued by the HKICPA, which are effective for the accounting period beginning on 1 January 2013.

HKFRS 1 Amendments	Amendments to HKFRS 1 <i>First Time Adoption of Hong Kong Financial Reporting Standards – Government Loans</i>
HKFRS 7 Amendments	Amendments to HKFRS 7 <i>Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities</i>
HKFRS 10	<i>Consolidated Financial Statements</i>
HKFRS 11	<i>Joint Arrangements</i>
HKFRS 12	<i>Disclosure of Interests in Other Entities</i>
HKFRS 10, HKFRS 11 and HKFRS 12 Amendments	Amendments to HKFRS 10, HKFRS 11 and HKFRS12 – <i>Transition Guidance</i>
HKFRS 13	<i>Fair Value Measurement</i>
HKAS 1 Amendments	Amendments to HKAS 1 <i>Presentation of Financial Statement – Presentation of Items of Other Comprehensive Income</i>
HKAS 19 (2011)	<i>Employee Benefits</i>
HKAS 27 (2011)	<i>Separate Financial Statements</i>
HKAS 28 (2011)	<i>Investments in Associates and Joint Ventures</i>
HK (IFRIC)-Int 20	<i>Stripping Costs in the Production Phase of a Surface Mine</i>
<i>Annual Improvements 2009-2011 Cycle</i>	Amendments to a number of HKFRSs issued in June 2012

The adoption of these new and revised HKFRSs has had no significant effect on these financial statements.

### Change in segmental presentation

During the year ended 31 December 2013, the Group changed the presentation for its operating segment information from four reportable operating segments which comprised (i) securities trading and investment holding; (ii) securities broking and dealing; (iii) securities financing and direct loans; and (iv) corporate finance and asset management to five reportable operating segments which comprised (i) brokerage business; (ii) corporate finance business; (iii) asset management business; (iv) financing and loans business; and (v) investment and other business because the directors revisited the reporting operating segments and considered the presentation of new reportable segments better reflects the Group's allocation of resources and assessment of performance. Accordingly, certain figures included in revenue and results for the year ended 31 December 2012 were revised in order to conform with the revised presentation for the year ended 31 December 2013.

### 3. SEGMENT INFORMATION

An analysis of the Group's reportable segment results before tax for the year is as follows:

	Brokerage business <i>HK\$</i>	Corporate finance business <i>HK\$</i>	Asset management business <i>HK\$</i>	Financing and loans business <i>HK\$</i>	Investment and other business <i>HK\$</i>	Total <i>HK\$</i>
<b>Year ended 31 December 2013</b>						
<b>Segment revenue from external customers</b>	<b><u>208,049,898</u></b>	<b><u>22,915,358</u></b>	<b><u>9,260,777</u></b>	<b><u>95,688,581</u></b>	<b><u>18,130,843</u></b>	<b><u>354,045,457</u></b>
<b>Segment results and profit/(loss) before tax</b>	<b><u>32,269,220</u></b>	<b><u>(3,620,408)</u></b>	<b><u>(2,643,511)</u></b>	<b><u>73,802,239</u></b>	<b><u>(47,378,868)</u></b>	<b><u>52,428,672</u></b>
	Brokerage business <i>HK\$</i>	Corporate finance business <i>HK\$</i>	Asset management business <i>HK\$</i>	Financing and loans business <i>HK\$</i>	Investment and other business <i>HK\$</i>	Total <i>HK\$</i>
<b>Year ended 31 December 2012</b>						
<b>Segment revenue from external customers</b>	<b><u>166,503,537</u></b>	<b><u>38,096,141</u></b>	<b><u>5,974,120</u></b>	<b><u>75,873,519</u></b>	<b><u>7,544,425</u></b>	<b><u>293,991,742</u></b>
<b>Segment results and profit/(loss) before tax</b>	<b><u>20,397,623</u></b>	<b><u>11,550,173</u></b>	<b><u>(8,988,115)</u></b>	<b><u>62,279,384</u></b>	<b><u>(53,429,065)</u></b>	<b><u>31,810,000</u></b>

### Geographical information

The Group's operations are substantially located in Hong Kong and substantially all non-current assets of the Group are located in Hong Kong. Therefore, no further analysis of geographical information is presented.

#### 4. REVENUE

An analysis of revenue, which is also the Group's turnover, is as follows:

	2013 <i>HK\$</i>	2012 <i>HK\$</i> (Restated)
Brokerage business:		
Commission on securities dealing		
- Hong Kong securities	<b>152,586,265</b>	131,232,410
- Other than Hong Kong securities	<b>18,615,635</b>	9,604,012
Commission on futures and options dealing	<b>28,031,344</b>	19,299,302
Handling fee income	<b>4,604,541</b>	3,731,013
Others	<b>4,212,113</b>	2,636,800
	<b><u>208,049,898</u></b>	<u>166,503,537</u>
Corporate finance business:		
Placing, underwriting and sub-underwriting commission	<b>12,415,761</b>	21,757,237
Financial advisory, compliance advisory and sponsorship fee income	<b>10,499,597</b>	16,338,904
	<b><u>22,915,358</u></b>	<u>38,096,141</u>
Asset management business:		
Management fee and investment advisory fee income	<b>9,260,777</b>	5,974,120
Financing and loans business:		
Interest income from cash clients and margin clients	<b>73,798,076</b>	50,635,145
Interest income from IPO loans	<b>2,902,559</b>	115,848
Interest income from banks and others	<b>18,987,946</b>	25,122,526
	<b><u>95,688,581</u></b>	<u>75,873,519</u>
Investment business:		
Net realised and unrealised gains on financial assets		
- Listed securities investments	<b>1,990,963</b>	126,381
- Unlisted funds	<b>9,371,479</b>	6,193,949
Dividend income		
- Listed available-for-sale securities investments	-	140,303
- Listed securities investments at fair value through profit or loss	<b>532,367</b>	1,083,792
- Unlisted equity investments	<b>6,236,034</b>	-
	<b><u>18,130,843</u></b>	<u>7,544,425</u>
	<b><u>354,045,457</u></b>	<u>293,991,742</u>

## 5. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	<b>2013</b> <i>HK\$</i>	2012 <i>HK\$</i>
Interest expenses for financial services operations on bank loans and overdrafts wholly repayable within five years	<b>10,531,430</b>	441,857
Minimum lease payments under operating leases in respect of land and buildings	<b>31,251,373</b>	30,061,040
Net realised losses/(gains) on trading of listed equity investments and futures contracts	<u><b>(3,755,477)</b></u>	<u>638,597</u>

## 6. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2012: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdiction in which the Group operates.

	<b>2013</b> <i>HK\$</i>	2012 <i>HK\$</i>
Current – Hong Kong		
Charge for the year	<b>5,465,975</b>	1,574,285
Overprovision in prior years	<b>(932,041)</b>	(897,708)
Current – Elsewhere	<b>73,282</b>	197,609
Deferred	<u><b>577,921</b></u>	<u>774,329</u>
Total tax charge for the year	<u><b>5,185,137</b></u>	<u>1,648,515</u>

## 7. DIVIDEND

	<b>2013</b> <i>HK\$</i>	2012 <i>HK\$</i>
Proposed final – HK4 cents (2012: HK1.5 cents) per ordinary share	<u><b>21,230,365</b></u>	<u>7,961,387</u>

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

## 8. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of basic and diluted earnings per share is based on the profit for the year attributable to ordinary equity holders of the Company of HK\$47,238,994 (2012: HK\$30,151,847) and 530,759,126 (2012: 530,759,126) ordinary shares in issue during the year.

The Group had no potentially dilutive ordinary shares in issue during those years.

## 9. AVAILABLE-FOR-SALE INVESTMENTS

	2013 <i>HK\$</i>	2012 <i>HK\$</i>
Available-for-sale investments, at fair value:		
Listed equity investments in Hong Kong	-	2,558,532
Unlisted equity investment	7,454,169	7,595,898
Unlisted club debentures	2,470,000	2,470,000
	<u>9,924,169</u>	<u>12,624,430</u>

## 10. ACCOUNTS RECEIVABLE

	2013 <i>HK\$</i>	2012 <i>HK\$</i>
Accounts receivable	568,243,554	500,016,585
Less: Impairment	(21,769,883)	(21,769,883)
	<u>546,473,671</u>	<u>478,246,702</u>

Save for the credit period allowed by the Group, the accounts receivable shall be due on the settlement day of the respective securities and futures contracts transactions. In view of the fact that the Group's accounts receivable relates to a large number of diversified customers, there is no significant concentration of credit risk. Although the Group does not hold any collateral or other credit enhancements over its accounts receivable balances, the Group is allowed to dispose of the securities deposited by the customers with the Group to settle any overdue amounts. Overdue accounts receivable from cash clients of HK\$87,117,669 (2012: HK\$96,299,771) bear interest at interest rates with reference to the Hong Kong prime rate (2012: with reference to the Hong Kong prime rate).

An aged analysis of accounts receivable as at the end of the reporting periods, based on the trade day, are as follows:

	2013 <i>HK\$</i>	2012 <i>HK\$</i>
Within 1 month	513,917,528	421,491,715
1 to 2 months	5,474,809	4,084,693
2 to 3 months	2,599,066	1,603,466
Over 3 months	46,252,151	72,836,711
	<u>568,243,554</u>	<u>500,016,585</u>

Included in the accounts receivable balance as at 31 December 2013 is a broker receivable due from the ultimate holding company of HK\$11,022,157 (2012: HK\$12,887,538) which arose from securities dealing transactions. This balance is unsecured, interest-free and repayable on the settlement day of the relevant transactions.



## 11. ACCOUNTS PAYABLE

An aged analysis of accounts payable, based on the trade day, as at the end of the reporting periods are as follows:

	<b>2013</b>	2012
	<b>HK\$</b>	HK\$
Within 1 month	<u><b>2,943,688,665</b></u>	<u>2,692,540,606</u>

Included in the accounts payable balance as at 31 December 2013 was a broker payable to the ultimate holding company of the Company of HK\$6,762,623 (2012: HK\$12,213,668) which arose from securities dealing transactions. This balance is unsecured, interest-free and payable on the settlement day of the relevant transactions.

Included in the accounts payable balance as at 31 December 2013 was the amount of segregated client money held on behalf of an intermediate holding company of the Company of HK\$26,756,392 (2012: HK\$164,183) which arose from securities dealing transactions. This balance is unsecured, bears interest at the bank deposit rate and is payable on demand.

Except for the accounts payable to clients of HK\$2,256,791,503 (2012: HK\$2,005,969,578), which bear interest at the bank deposit rate per annum, the remaining accounts payable are non-interest-bearing.

## 12. COMPARATIVE AMOUNTS

As explained in note 2 to the financial statements, due to the change in segmental presentation during the year, the presentation of certain items and balances in the financial statements have been revised. Accordingly, certain comparative amounts have been revised to conform with the current year's presentation.

## DIVIDEND

The Board has resolved to recommend the payment of a final dividend of HK4 cents per ordinary share in respect of 2013, to shareholders whose names appear on the register of members of the Company on 24 April 2014. The proposed dividend will be paid on or about 12 May 2014 subject to the approval of the shareholders at the forthcoming annual general meeting of the Company.

## CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed for the following periods:

- a. from Wednesday, 9 April 2014 to Tuesday, 15 April 2014, both days inclusive, during which period no transfers of shares of the Company will be registered. In order to qualify for attending and voting at the 2014 Annual General Meeting, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Registrars, Tricor Tengis Limited, at 26/F Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration by no later than 4:30 p.m. on Tuesday, 8 April 2014; and
- b. from Wednesday, 23 April 2014 to Thursday, 24 April 2014, both days inclusive, during which period no transfers of shares of the Company will be registered. In order to qualify for the proposed final dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Registrars, Tricor Tengis Limited, at 26/F Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration by no later than 4:30 p.m. on Tuesday, 22 April 2014.

## MANAGEMENT DISCUSSION & ANALYSIS OF PERFORMANCE

### REVIEW OF MARKET IN 2013

In 2013, the economies of developed countries and emerging countries were fragmented significantly. The economies of developed countries, as represented by the U.S., Europe and Japan, were recovering steadily. With the U.S. property and employment markets improved substantially, the U.S. Federal Reserve Board announced in December 2013 that it has officially started to reduce the scale of quantitative easing. Europe had finally ended its economic recession which last for several quarters and the debt crisis of its periphery countries had mitigated substantially. For Japan, under its extremely easing monetary policies, both export and domestic consumption were growing strongly. Meanwhile, the economies of emerging countries were facing various difficulties. By benefiting from the depreciation of U.S. dollars in the past few years, the economic structural transformation of emerging countries fell behind the developed countries relatively. With the appreciation of U.S. dollars, the emerging countries are facing sluggish domestic demand, intensifying imported inflation and local currency depreciation one after another, leading to a vicious circle in asset devaluation. At the same time, the instability of economic conditions also triggered political turmoil in some countries, precipitating certain negative changes in geopolitics.

As the largest economy in emerging countries, the Chinese Mainland has also duly ended its high growth trend in the past and returned to rational growth and convincingly achieved the 2013 GDP growth annual target. To maintain a rational economic growth, the government started to commence changes of the regulating and controlling mode in real estate market since the second quarter, and increased the investment and support to the relevant sectors in national economy, people's livelihood and economic transformation. Such measures had led the domestic economy to become stable since the third quarter. Under this impact, Hang Seng Index dropped to its trough of 19,426 on 25 June and started to rebound hastily to 23,502 on 19 September thereafter for three months, representing an increase of over 20%. At the same time, the new government leaders also launched strong and effective measures for its reform. In mid-November, the Third Plenary Session of The Eighteenth Central Committee of the Communist Party of China was duly convened. Policies for financial liberalization, environmental governance, state-owned enterprise reform, two children for "single-child parent" and free trade zones are implemented and commenced successively, strengthening investors' confidence in the successful economic transformation in the Chinese Mainland. With the confidence of overseas investors recovering, Hang Seng Index made a breakthrough from its previous correction range, and surged strongly to 24,111 on 2 December. Thereafter, following the announcement by the U.S. Federal Reserve Board to reduce the scale of quantitative easing in which the investors took profits, Hang Seng Index was trembling down to 23,306 by the end of December. In 2013, the average daily turnover of the Hong Kong Stock Exchange amounted to HK\$62.8 billion, representing an increase of 16.5% as compared with the average daily turnover in 2012.

### REVIEW OF OPERATIONS

For the year ended 31 December 2013, the Group recorded a net profit attributable to shareholders of approximately HK\$47 million, representing an increase of 57% over 2012. The turnover increased by 20% to approximately HK\$354 million (2012: HK\$294 million). The basic earnings per share increased by 57% to HK8.9 cents as compared to HK5.68 cents for 2012.

## **Brokerage business**

In 2013, Hang Seng Index witnessed a fluctuation, and market transaction volume recovered. As compared with 2012, the average daily turnover of the Hong Kong Stock Exchange increased 16.5%. The Group recorded a trading amount of HK\$82.1 billion in Hong Kong stock and a broking revenue of HK\$208 million, representing an increase of 18.6% and 24.9% over 2012 respectively. In 2013, the Group actively expanded the revenue development of non-Hong Kong stock channels and vigorously conducted overseas stock market trading in the U.S., U.K., Australia and Japan through online trading platforms, and promoted the global major commodity futures market trading in New York and Chicago in the U.S., London in the U.K., Tokyo in Japan and Malaysia, with such trading categories of bulk commodities, including precious metals, metals, energy and agricultural products as well as soft commodities. Commission on futures and options dealing for the Group increased by nearly 45% year-on-year. Agency sales business for OTC products, including RQFII, bonds and funds were started from scratch and contributed an aggregate additional revenue of over HK\$3.6 million.

In 2013, the Group actively seized the favourable opportunities of overseas institutional investors' concern over RQFII and other cross-border products and businesses and attracted overseas institutional investors with innovative businesses and products as breakthrough. Such move had facilitated the traditional Hong Kong stock trading business and the Hong Kong stocks trading amount by institutional investors sales team has maintained its stability and accounted for 31% of total Hong Kong stock trading amount of the Group.

## **Financing and loans business**

In 2013, the Group achieved income from financing and loans business of HK\$95.69 million, representing an increase of 26% as compared with 2012. Of which HK\$73.8 million, HK\$2.9 million, and HK\$18.99 million were interest income from clients loans, initial public offering loans, bank and others, respectively.

During the year, the Group appropriately expanded its loan size and increased interest income under the premise of risk control. In 2013, interest income from customers' margin financing increased by 28% as compared with 2012, compensating the downward trend in income from interest margin and deposits. In addition, the Group maintained the RQFII fund margin financing that was launched by the end of 2012. While coordinating with the on-going RQFII fund marketing, such financing also increased the total amount of margin financing and interest income.

## **Corporate finance business**

Shenyin Wanguo Capital (H.K.) Limited ("Shenyin Wanguo Capital"), a wholly-owned subsidiary of the Group, is primarily engaged in the sponsor, financial advisory and securities underwriting businesses. In the first half of 2013, Shenyin Wanguo Capital successfully sponsored the listing of China Aluminum Cans Holdings Limited (6898) on the Main Board of the Hong Kong Stock Exchange. In the second half year, Shenyin Wanguo Capital participated in and co-sponsored the issuance of new shares by Goldpac Group Limited (3315), the largest credit card manufacturer in China, which was also successfully listed on the Hong Kong Stock Exchange. In 2013, Shenyin Wanguo Capital had 21 new financial advisory projects and participated in the underwriting of new shares issuance of 10 corporations, including China Galaxy Securities Co., Ltd., Huishang Bank Corporation Limited, New Century Real Estate Investment Trust and China Everbright Bank Company Limited, as well as share placements of 2 corporations, including Asia Coal Limited and Birmingham International Holdings Limited.

## **Securities research business**

Our securities trading and broking businesses are professionally supported by a securities research team of the Group. With the support of our parent company, which is one of the leading securities companies in Chinese Mainland, the Group has become a specialist in the research of Chinese Mainland securities. The securities research team of the Group provides professional support for our brokerage businesses and produces regular reports on Hong Kong and Chinese Mainland securities markets. The reports also cover macroeconomics, market strategy as well as analysis on the key Chinese Mainland companies listed on the Hong Kong, Shanghai and Shenzhen stock exchanges. The research team of the Group also prepares detailed industry and company analytical reports for circulation to our clients.

During 2013, together with our parent company, we invited various investment analysts or representatives of listed companies to participate in a total of 103 international roadshows organised by the Group and met with our clients in Asia, the U.S. and U.K. We believe that such activities were beneficial to the collaboration between our parent company and us and posed positive impact on the research and investment banking fronts.

### **Asset management business**

Shenyin Wanguo Asset Management (Asia) Limited (“SWAM”), a subsidiary of the Group, is engaged in asset management business. By leveraging on the full utilization of Hong Kong market recovery opportunity during the second half year, SWAM fully elaborated on RQFII innovative policy to vigorously conduct cross-border asset management business while maximizing fund products profitability, with assets under management reaching HK\$3 billion for the first time ever, representing an increase of 35% over the corresponding period of 2012, and achieved a business revenue of HK\$9.26 million, which represented an increase of 55.1% over the corresponding period of 2012. Of which, assets under RQFII asset management business had reached HK\$1.83 billion, accounting for 61% of total assets under management and maintained its dual growth momentum in both assets under management and revenue.

### **CAPITAL STRUCTURE**

During the year, there was no change to the share capital of the Company. As at 31 December 2013, the total number of the issued ordinary shares was 530,759,126 shares and total equity attributable to shareholders was approximately HK\$1.24 billion.

### **LIQUIDITY, FINANCIAL RESOURCES AND GEARING RATIO**

As at 31 December 2013, the Group had a cash holding of HK\$278 million and short-term marketable securities of HK\$138 million. As at 31 December 2013, the Group’s total unutilised banking facilities amounted to HK\$844 million, of which HK\$436 million could be drawn down without the need of notice period nor completion of condition precedent.

As at 31 December 2013, the Group had outstanding short-term bank borrowings amounting to HK\$809 million. The liquidity ratio (current assets to current liabilities) and gearing ratio (borrowings to net asset value) as at 31 December 2013 were 1.31 and 0.65 respectively.

The Group has sufficient financial resources for its day to day operations as well as spare capacity to take advantage of any investment opportunities when they arise.

### **SIGNIFICANT INVESTMENT HELD, MATERIAL ACQUISITION AND DISPOSAL**

During the year, the Group did not hold any significant investment and did not have any material acquisition or disposal.

### **CHARGES ON THE GROUP’S ASSET**

No asset of the Group was subject to any charge as at 31 December 2013.

## **RISK MANAGEMENT**

The Group has properly put in place credit management policies which cover the examination of the approval of clients' trading and credit limits, regular reviews of facilities granted, monitoring of credit exposures and the follow up of credit risks associated with overdue debts. The policies are reviewed and updated regularly.

The management closely monitors the market condition so that precautionary measures will be taken to eliminate any risk that the Group may encounter. As at 31 December 2013, all advances to customers were margin financing and amounted to approximately HK\$1.5 billion (2012: HK\$1,2 billion), of which 20% (2012: 6%) was attributable to corporate customers with the rest attributable to individual customers.

## **EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND ANY RELATED HEDGES**

The Group's exposure to fluctuations in exchange rates arises from its dealings in overseas share markets. Such dealings are entered into on behalf of clients of the Group and accounted for a small portion of the Group's revenue. A material portion of such overseas transactions is denominated in United States dollars. The pegged exchange rate between United States dollars and Hong Kong dollars kept the Group's exchange risk exposure to a minimum and thus, no hedging was required. Exchange gains and/or losses are dealt with in the statement of profit or loss. The Group has endeavored to closely monitor its foreign currency positions and take necessary measures when the situations so justify.

## **CONTINGENT LIABILITIES**

There were no material contingent liabilities as at 31 December 2013.

## **FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS**

Except the future plans as disclosed in the paragraph of "Prospects & Future Plan", the Group had no other future plans for material investments or capital assets as at 31 December 2013.

## **EMPLOYEES AND TRAINING**

As at 31 December 2013, the total number of full-time employees was 219 (2012: 219). The total staff costs for the year (excluding directors' fees) amounted to approximately HK\$114 million.

The Group is committed to professional training for its employees. In compliance with the relevant requirement of the Securities and Futures Commission, the Group had organised a total of 11 Continuous Professional Training seminars for all licensed staff members for the year ended 31 December 2013.

## **PROSPECTS & FUTURE PLAN**

For 2014, we expect the U.S. and Europe economies will continue to recover and the U.S. dollars will also continue to remain strong. Hence, we are not optimistic about the overall liquidity in emerging market. From the recently published macroeconomic information, the economic situation of the Chinese Mainland remained healthy and we maintain a conservative optimistic outlook on Hang Seng Index performance for 2014. Firstly, from the macro environment perspective, the economic growth momentum is still regressing, and under the tightening monetary conditions, social financing costs will remain high, exerting certain suppressing impact on enterprise investments. Furthermore, the treatment of local government debts and quality issues of bank assets will also linger the market. As such, we maintain an overall conservative attitude on Hang Seng Index performance. However, with the reform benefits further precipitated, structural opportunities in the market will be lying around. We believe that certain emerging sectors like new energy, medical, TMT (technology, media and telecommunication), environmental protection and military industry will achieve sound performance during the economic transformation process. In 2014 market overview, we believe Hang Seng Index will perform relatively sluggish with trends of opportunity not apparent, apart from certain sectors and companies that will continue to be robust. With the position of Hong Kong as RMB offshore center continues to consolidate, along with on-going development of cross-border businesses, some China-related securities will achieve relatively satisfactory performance. The new shares that are recently listed or about to be listed soon will represent the direction of economic adjustments in general in which they will also continue to inject new momentums in the market.

In the coming year, the Group will closely monitor the opportunities from RMB internationalization, marketization of interest rate and exchange rate and cross-border business policies to accelerate the establishment of, among others, its four major platforms, namely, comprehensive trading platform for cross-border retail customers, comprehensive service platform for cross-border institutions, all round service platform for cross-border investment banks and cross-border assets management products platform, steadily build up its overseas network layout step by step, implement the regional strategies in development of overseas markets and products, and thereby laying a good foundation for the internationalization of the Group.

## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY**

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year.

## **ANNUAL GENERAL MEETING**

The Annual General Meeting of the Company will be held on Tuesday, 15 April 2014. For details of the Annual General Meeting, please refer to the Notice of Annual General Meeting, which will be published and issued to the shareholders in due course.

## **CODE ON CORPORATE GOVERNANCE PRACTICES**

To better the Company's transparency and accountability to the shareholders, the Company is, so far as practicable, committed to maintaining high standard of corporate governance. Save for the deviation from the Code Provision A.6.7 which is explained as below, the Company has met all the code provisions stipulated in Appendix 14, Corporate Governance Code and Corporate Governance Report (the "Code"), of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") for the year ended 31 December 2013.

Code Provision A.6.7 specifies that independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of the views of shareholders. Due to other business engagements, a non-executive director and an independent non-executive director were unable to attend the annual general meeting and extraordinary general meeting of the Company both held on 10 May 2013.

## **REVIEW BY AUDIT COMMITTEE**

The final results for the year ended 31 December 2013 of the Group have been reviewed by the audit committee.

## **PUBLICATION OF THE FINAL RESULTS AND ANNUAL REPORT**

This results announcement is published on the website of Hong Kong Exchanges and Clearing Limited ("HKEx") at <http://www.hkexnews.hk> and the Company's website at <http://www.sywg.com.hk>. The 2013 annual report will be dispatched to the shareholders and will be available on websites of HKEx and the Company in due course.

On behalf of the Board  
**Chu Xiaoming**  
Chairman

Hong Kong, 10 February 2014

*As at the date of this announcement, the Board of the Company comprises 9 directors, of which Mr. Chu Xiaoming, Mr. Lu Wenqing, Mr. Guo Chun and Mr. Lee Man Chun Tony are the executive directors, Mr. Chang Pen Tsao and Mr. Zhang Lei are the non-executive directors, Mr. Ng Wing Hang Patrick, Mr. Kwok Lam Kwong Larry and Mr. Zhuo Fumin are the independent non-executive directors.*